

CONTROVERSIES, DILEMMAS AND OPENINGS IN THE STUDY OF AFRICAN

DEVELOPMENT

STATE ECONOMIC PRACTICE IN ZIMBABWE IN THE 1980 DECADE:  
ECONOMIC POLICY, PLANNING AND STATE ECONOMIC PARTICIPATION

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Introduction

Like every other scientific theory, socialist development has its own rationale which determines its priorities independent of the subjective wish of its planners. Hence the dialectical fact that the whole process of socio-economic development and of all objects develop through contradictions. A study of these contradictions and their correct resolution is the essence of a successful and conscious development. Without this scientific approach the development of Socialism 'will be haphazard, irrational and eventually destructive' (Babu 1981 page 158).

What the above means is that, socio economic development is subject to contradictions. The process of analysing and resolving these contradictions is a cause-effect relationship of a dialectical materialist nature. Therefore a correct analysis of the situation at hand ensures a correct posing of the questions about future development, and the latter ensures the discovery of the relevant contradictions whose solution determines the solution of other contradictions.

The present article will pose questions about the future development and strive to, explicitly and/or implicitly identify and analyse the contradictions in the socio-period. It should be noted that the objective existence of these contradictions and hence the attempts at National level to resolve them has generated unprecedented controversies. The main controversy in the opinion of the author is between (the advocated for) socialist orientation to development and

the adopted neo-classical economic approach. The principle aspect in this controversy is the socialist orientation to development. This is derived from the fact that the ZANU(PF) Government has declared to establish a socialist state in Zimbabwe.

The key to unravelling any complex situation is to discover the starting point. Without this the problem will tend to get increasingly confused and the more complex it becomes. Hence the 'planned management' of the economy and delivery of social service was identified as such a starting point. But the prerequisite for successful planning is to understand in the first place that planning is a political action first of all not purely economic. Suffice it to say that to assert this to bourgeois economists is to introduce into planning 'value judgements' which do not form part of their economic terms of reference.

An economist in their view is apolitical. He is a technical tool for whoever rules the country (Babu 1981 page 150). This theoretical position has constitute the base for the adoption of a neo-classical approach to resolve contradictions in the development process to build a socialist society. Babu in his book "African Socialism a Socialist Africa" clearly points out that for these economists (Bourgeois) there is a dividing line between politics and economics and the two should never be mixed up, otherwise there will be chaos. According to this view an economy has its own dynamism, and, given certain conditions, it will behave in a predictable manner. If

anything goes wrong it is because certain rules have not been observed correctly or strictly.

The paper will try to clarify the meaning and implication in practice of this controversy from a critical analysis of the Policy of Growth with Equity, the Transitional Development Plan (TNDP), the Five Year National Development Plan (FNDP) and the nature of state economic participation. The hypothesis here is that the socio-economic actors, by and large have not developed an independent economic class interest in the policies they pursue, most of them being motivated by simple personal gains, so that their policies reflect essentially the same interests as the international bourgeoisie. That is, in the post-settler colonial epoch the 'economic struggle' has been directed to those areas which do not undermine the domain of private capital.

It should also be highlighted at this juncture that on the centre of the main controversy is the petty bourgeois ideal which is hostile to socialist principles. This ideal emphasise that the transition to socialism is possible by means of democracy in general.\* Thus the petty bourgeois "democrats" in Zimbabwe in the 1980's have been distinguished by an aversion of class struggle, by their dreams of avoiding it, by their efforts to smooth over, to reconcile and finally

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\* The fundamental source of this error lies in the prejudice inherited from the bourgeoisie that "democracy" is something absolute and above classes (Lenin page 425-535).

to remove sharp corners. These 'democrats' have, therefore tried to avoid recognising any necessity for a whole historical period of transition from capitalism to socialism and they regard it as their duty to concoct schemes for reconciling the two supposedly contending forces.\* (Lenin page 426).

## ECONOMIC POLICY OF GROWTH WITH EQUITY: RELEVANCE TO THE 1980 DECADE

### Introduction

With the notion and conviction that the attainment of political independence constituted only a qualitative step in the battle for national independence, to institutionalise the struggle for economic emancipation was a logical move. Hence in February of 1981 Growth with Equity an Economic Policy Statement was effected. This seemed to be the needed radical stride towards uncovering the appropriate technology to spearhead the Zimbabwean proletariat in the quest to satisfy thier multi-dimensional demands. Along the same line the Transitional National Development Plan was drafted followed three years later by the first Five Year National Development Plan.

It is important, therefore in an article of this nature to briefly make a critical evaluation of the relevance of the Policy statement to the 1980 decade and the character of the plans which correspond to the same time framework.

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\* Alliance of the workers and peasants on the one hand and the petty bourgeoisie, local and international bourgeoisie on the other.

Policy Statement: The Underlying Methodological Foundation

The Policy statement has been objective in recognising the basic characteristics of the past and still prevailing socio-economic order in Zimbabwe. However the determination thereof to undertake a vigorous programme for the development of the country and, within it, to pursue and implement policies based on the socialist, egalitarian and democratic principles in conditions of rapid economic growth, full employment, price stability, dynamic efficiency in resource allocation and an equitable distribution of the ensuring benefits (Policy Statement Feb. 1981 page 1) has been based on the theoretical and subjective assumptions of the dynamics of a capitalist system.

The analysis of the inherited capitalist process was evidently, approached not from the production geneology but from a neo-colonial production function stand point. Efficiency was presupposed, and inevitably this produced the mistake of looking at the reality of inherited economy in an inappropriately 'optimistic' fashion. A firm grasp of the inorganic interlinkages within the capitalist economic structure and the extent and magnitude of its impact in the society should have constituted the basis of the Policy Statement.

It also goes without saying that the period in which the policy was drafted and promulgated should have had influence on the outcome of the policy statement. The policy of reconciliation which in itself is a political instrument was extended to the ideological-cum-economic struggle. This should have been quite a deliberate step or an

ignorance of the incompatibility and antagonisms between labour and capital under capitalist conditions.

The philosophy of reconciling labour and capital was captured as follows:

"Government is determined to forge ahead with the task of building a progressive, non-racial and egalitarian society which draws on the energies and abilities of all its people, without regard for their race or creed. However, the restructuring of economic and social framework of our society is an absolutely essential and imperative economic ingredient of the policy of reconciliation if that policy is to result in genuine and durable peace in our country and is to be conducive to economic development and prosperity for all our people." (Policy Statement 1981 page 1-2).

This blanket approach accorded well with the bourgeois neo-classical perspective. A considerable degree of eclecticism is implicitly shown in the objectives of ranked priority and thus phase them over space and time e.g. as short, medium and long term programmes. Such an exercise should have brought out the need for accountability by the social actors to the masses of workers and peasants. Thus the legitimacy of the actors could have been under close scrutiny and control curbing laxity which is now crippling the attainment of the laid down objectives.

An insight into the structural interaction of objective one (i) and four (iv) stated below could present an interesting scenario with regard to the workings of the Zimbabwean revolution towards socialist democracy and the relevance of the policy to the 1980's.

The objectives are put as follows:

(i) establish progressively a society founded on socialist

democratic and egalitarian principles which are inherent in the policies and measures enunciated herein. And to (iv) end imperialist exploitation, and achieve greater and more equitable degree of ownership of natural resources including land, promote participation in the ownership of, a significant portion of the economy by nationals and the state (ibid page 2).

The above objectives are central to the development towards a socialist democracy. But this depends on the point and level of interaction between the progressive establishment of a democratic socialist society and the rate at which the society can disentangle itself from imperialist exploitation. Currently the imperialist variable has been endogenised so much so that it cannot be ignored when internal processes and actors are analysed. The endogenisation of this supposedly external factor has been reinforced by the production function approach which is the underlying methodology to the policy statement.

If this is anything to go by then the first objective is still an aspiration which has not yet found its way into the Zimbabwean Society. The second (according to the layout above) has consolidated its position occupying a central place in the whole debate on the relationship between international capital and its financing of socialism. The interaction point therefore has been shifted to the structural level and it becomes crystal clear that the socialist element of the revolution has been derailed.



But, nonetheless, the first objective is of a long term character and expresses the hisotircal and final goal of the revolution. Hence, here the structural friction between objective four (iv) above which is of short to medium term character and objective one (i). The realisation of objective four (iv) provide the basis on which one evolve and expand. This structural conflict therefore reflect the level and depth of the contradiction in the development process. But eventually the more rooted capitalist can tilt the scale in its favour if neo-classical economic methods/approach remain dominant.

#### Policy Statement and the National Tasks

To further explicate the above idea the policy statement, on page 3, announced the urgent national tasks as:

- (i) to complete the programme of resettlement and rehabilitation of combatants and of all people displaced during the war.
- (ii) to complete the reconstruction of destroyed and damaged economic and social infrasturcture and create a sound spring-board for future growth and development.

One would suppose that the tasks have been put in their order of priority or urgency. The major issue that follows relates to the degree of responsiveness and interconnectedness, of the respective tasks to the logic of capital. Progress in the execution of each one of the above tasks is conditioned by the above mentioned relationship. To a greater extend the level of execution (or lack of it) of the tasks would illustrate the strength and centrality of the capitalist logic in

Zimbabwe and the level of its international connections, as opposed to the existence of a base for equitable growth.

#### The Reconstruction Process

One significant development related to public expenditure was the rapid expansion of the social sectors..... The reconstructing programme was completed in record time - long before the end of the TNDP period, infrastructural development, notably road construction and water development programmes progressed as planned. (FNDP page 1).

Reconstruction of the economic and social infrastructure was welcomed by all sectors in the society. Economically reconstruction meant that the state had a supportive role to the development of capitalism. However, the benefits to the peasants from this exercise was minimal. Furthermore, reconstruction only facilitated the export of agricultural goods to the industrial sector. Evidently it is shown that a retrogressive relationship between the industrial sector and peasant agriculture does not exist. Hence the inorganic relations that existed and continue to exist between the two sectors. The solution to this contradiction therefore lies with the development of interlinkages between these two sectors based on growth. Therefore initiatives which bring about growth with the aim to foster organic links between industry and agriculture are the economic demand of the time.

Socially the point is clear as to what benefits each social sector receive from reconstruction exercise. Provision of services which had

been cut-off by a political struggle had the blessing of all.

While this was of social significance to the peasants who had been involved in the political process, the capitalist sector found it to be the departing point as to what is political and how distanced from politics the sector should be. This attitude which separates politics from economics is the cornerstone to the doctrine of apolitics professed by the private sector, hence the dominance of technicism. This was meant to position the state as the sole representative of the nation in 'political' and 'social' affairs and equi-distantly - the private sector hijack the economic undertakings and consolidate its internal links and avoid as much as possible direct conflict and antagonism with and technically pressurise the state to bow to socio-economic demands and transformation measures recommended by the capitalist economic block.

#### Resettlement Exercise

On the other hand the resettlement of the landless, combatants and of all the people displaced during the war covertly embodied political connotations. Land and its distribution between the peasant and the capitalist commercial farmers was at the centre of the political struggle. The conquest in 1890 of the entire territory by the British South Africa Company (BSAC), and the consequent distribution of land which was based on nothing else but race and capitalist thirst for accumulation reflects the political nature of this exercise. Here capitalism based on a bankrupt nation of race superiority reinforced itself and was eventually identified with fertile and adequately watered land, proximity to market and transport infrastructure.

First Five Year National Development Plan (FNDP) show that the Transitional Development Plan (TNDP) fell far short of resettling 162 000 families as had been envisaged in that only one fifth of the target was achieved (FNDP page 1). The amount of opposition to the resettlement programme is evident from the antagonistic relations between the capitalist sector and the objectives of the state. Capitalism did not only distance itself from the programme which is political but worked against its implementation. Productivity of the resettled families, environmental destruction and the role of the capitalist sector as the 'golden goose' were/are used to counter progress in this area. Financial constraints had their share.

Resettlement of the landless, combatants and the people displaced by the war was a revision of the land distribution patterns used by the previous successive racial regimes. The idea was to create economic opportunities for the landless, incorporate the combatants in productive undertakings, and all in all, raise the productivity of land and the living standards of the people. This could not be done without affecting the capitalist sector of the agricultural economy. Hence the resistance from this sector and the support rendered to this stance by external financial sources.

Employment creation and the eradication of the squatting problem (judged from the situation inherited at independence) implicitly constituted the major objectives of the resettlement programme. That is, while the programme is a political programme it had economic and social goals. Failing to create employment and solving the squatting issue

in whatever form it manifests (squatting is also increased by the rate of unemployment) is a positive condition reinforcing the bargaining strength of the capitalist sector, both agricultural and industrial, for reduced wages as a prerequisite for employment creation; to dismiss "lazy" workers and employ "competent" workers and even for the scrapping of some progressive legislations in favour of the repressive pre-independence legislations.

The solution to the resettlement programme is questionable as long as the socialist element of the revolution is relegated to the margin by the strength of the internal capitalist logic and its external connections. As a reminder to revolutionaries in 1919 Lenin wrote that the class of exploiters, the landowners and capitalists has not disappeared and cannot disappear all at once under the dictatorship of the proletariat. The exploiters have been smashed but not destroyed. They still have an international base in the form of international capital, of which they are a branch. They still retain means of production in part, they still have money, they still have vast social connections. Because they have been defeated, the energy of their resistance has increased a hundred and a thousand fold. The "art" of state, military and economic administration gives them a superiority and a very great superiority, so that their importance is incomparably greater than their numerical proportion of the population. The class struggle waged by the over-thrown exploiters against the victorious vanguard of the exploited, i.e. the proletariat, has become incomparably bitter. And it cannot be otherwise in the case of a revolution, unless this concept is replaced (as it is by

all the heroes of the second international) by reformist illusions.  
(Lenin page. 433).

## PLANNING OF THE NATIONAL ECONOMY: A CRITICAL ASSESSMENT

### Introduction

The analysis pursued in the first section only provides an alternative scenario. It can be concluded that the Policy statement has had minimum relevance and not of practical value to the 1980's in so far as the underlying objectives are concerned. While the policy statement acknowledged that over the years (pre-independence years) the economy failed to absorb the growing labour force with consequent high and unacceptable levels of unemployment and underemployment\* it sets an average rate of growth for the same economic structures to achieve a balanced and equitable growth. The statement reads:

"In order to achieve balanced and equitable growth and in order for the economy to create sufficient levels of employment to absorb a rapidly growing labour force it will be necessary for the economy to grow at an annual average rate of at least 8 percent in real terms."

To achieve the eight (8) percent annual rate of growth the statement view it 'necessary to undertake a serious national exercise for mobilisation of economic, financial, social and manpower resources of Zimbabwe organised and co-ordinated through the planning process'

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\* This was in part a product of population pressure and the adoption of inappropriate economic and industrial policies of previous governments claims the statement.

(Economic Policy Statement page 3). Restructuring of the economy is understood here as a long term programme. This puts a question mark on the seriousness of the mobilisation of socio-economic, financial and manpower resources as a national exercise.

But are the economic conditions for planning created in-order to facilitate the organisation and co-ordination of the mobilisation process? How does the document envisage to effect the process? Or is Planning the solution to all the problems covered in this document or experienced in Zimbabwe? A critical analysis of the TNDP and FNDP should provide some tangible answers to the questions raised above.

#### Transitional Development Plan (1982-1985)

The TNDP has received its share of positive and negative critics. To make a solid contribution to the criticisms the production geneology and production function dichotomy should be once more raised in this section. In other words this refers to, on the one hand, a surgical analysis of the economy and on the other, a presupposition of efficient functioning of the economy respectively.

It is safe to say that the two define a methodological issue crippling planning as a method of management. Efficient operation of the inherited economy was presupposed at independence and on this premise was formulated the Policy statement and the plans thereof (TNDP, FNDP).

The fact that processes are connected vertically, or they are operated in parallel with each other, was completely ignored, as is

reflected by the following analysis.

The first two years of independence brought with them a brief period of boom in the economy. This boom was directly related to a number of factors.

- The end of the war
  - The opening up of rural areas to normal economic activity
  - The minimum wages
  - The fact that local manufacturing could take up the expansion in demand without new capital investment because it was in 1980 operating at less than 60% capacity
  - The short-term 'benefits' of international reconstruction aid.
- (Raftopoulos 1988 page 15).

The interplay between these factors has not been accounted for. The more than forty percent under-utilised capacity reflected mainly the effects of the international sanctions on the Smith Regime, and the escalation of the armed struggle, among others. But the fact remains that the hundred percent installed capacity was to serve the minority Europeans; a handful of the African community and export markets. The operational capacity (60%) at independence therefore meant that the number of beneficiaries was even reduced from the number whose needs could be satisfied by the targeted 100 percent capacity.

The remaining factors (listed above) illustrate the increase in global demand. If all these factors could be drawn into the game then



the internal structural composition of the economy has to change to meet the growing demand. But as a substitute to growth and structural changes socialist propaganda dominated the theoretical sections of the TNDP.

There existed structural incompatibilities between the growing demand and the ill (not diagnosed) economic structure,..... but all embroiled in the same 'comforting socialist strategy' as shown in the document.

While the inherited economy, with its institutions and infrastructures has in the past served a minority, it would be simplistic and indeed, naive to suggest that it should, therefore, be destroyed in order to make a fresh start. The challenge lies in building upon and developing on what was inherited, modifying, expanding and where necessary, radically changing structures and institutions in order to maximise benefits from economic growth and development to Zimbabweans as a whole. (TNDP page 1).

The logic is quite simple, in that 'the inherited economy with its institutions and infrastructure' which had in the past served a minority, could not be expected to, after 1980, serve 7.5 million Zimbabweans, let alone growth with equity. But what seems to be 'simplistic and naive' is the suggestion that growth with equity could be achieved by 'building upon and developing institutions, modifying, expanding and where necessary, radically changing structures and institutions'. However, it is like building a tower on a large ant-hill.

The prescription is a combination of petty-bourgeois reformism and neo-

classical economism. The reaction to exogenous variables by this combination is total and final, and anything to do with the endogenous factors (determination of actors, processes and the nature of the relationship) is left to the miracles of market 'efficiency i.e. free interplay of market forces.

Raftopolous has concurred with the above when he wrote that in the years after 1981, when the plan turned to be no plan at all, the reasons for the failure were not focussed on the internal social relations of our society, but centred almost solely on the recession and the drought i.e. the external and natural factors. (Raftopolous 1988, page 16).

The FNDP in turn could not escape this problem confronted by the TNDP as it was analysed above. The problem is rooted in the Policy statement document on which the two plans have been formulated.

First Five Year National Development Plan (1986-1990): An Insight

The investment pattern and/or behaviour after independence depicts the level at which the economy responded to the growing demand of the time. Gross fixed capital formation in real terms increased by 20.0% and 37.0% in 1980 and 1981 respectively (FNDP page 5). Investments then declined significantly during most of the three year plan period. By 1985 the volume of investments in fixed capital was one fifth below its 1982 level.

The decline in investment is one of the main reasons for lack of

growth in the economy and in employment opportunities over the plan period (Ibid). It follows, therefore, that investments in the productive sectors is the major source of growth and in turn the growth within this sectors generates surplus income for investment. And using the increment for rapidly generating economic growth involves not using it to increase consumption for the time being. But to postpone raising consumption here and now in order to be able to raise it more rapidly later is a different thing from reducing consumption here and now which defeatist view see as the only possibility (Maurice Dobb 1963 page 42).

The decline in productive sector investments during the TNDP was therefore accompanied by an average annual decline in employment in these sectors of -1.2%. However, in the social sectors employment continued to grow at the rate of 2.9% annually during the same period. This was inevitable as it was seen to be in line with the 'socialist' propaganda of petty-bourgeois origin which predominated the TNDP Plan document. FNDP noted that the situation presented above was one of the most destabilising factors in the economy since expenditure on social sectors increased during a period when the economy was not generating additional wealth (FNDP page 5). No merits can be accorded to the document for noting this abnormality for the consequence of the adopted strategy was obvious. Has the FNDP addressed this issue? Or is the prevailing management practices in both private and public sector compatible with the Plan objectives? Other academic circles profess that nationalisation alone would provide the solution to the Zimbabwean crisis. Is this the needed socialist thrust?

The question of ownership obviously can not be omitted in this article. This is so amid debate on whether the state ownership of the means of production is a condition for growth or not. At this juncture the debate in Zimbabwe should have been expected to go beyond this vicious circle, to more specific target areas of how can the economy respond to the demand of the time which turn-out to be more than demand but crisis. An insight into the threads that link both the private and public enterprises to State Management (Plan) should provide the answer to the needed relationship between the expansion of State sector and norms which govern the socialist development.

#### Private Sector Economic Management

The private sector economy could not exist if there were no corresponding methods of managing it. It is based on such laws that strive for 'economic efficiency' as the basis for accumulation. Prices are adjusted according to excess demand and quantities according to excess profits, i.e. where Demand > Supply of a certain good its price is raised and vice versa. When excess profits obtained from a good are positive, the output of that good will be expanded (or contracted where the reverse holds). This in itself shows that the economic efficiency (a sacred category) under capitalism is not synonymous to economic growth as the neo-classical would want many a scholar to believe.

The above sounds more classical than the Zimbabwean case but in practice the same is taking place at both the enterprise and national

level. Internal policies of individual enterprises are determined by non other than the drive to maximise profits, even in conditions where price mark-ups are set by the relevant authorities.

An analysis of the management of working capital would provide an insight into the nature of capitalist management in Zimbabwe. The management of working capital is either aggressive (less working capital) or conservative (more working capital). These are proxies for management risk aversion. Another proposition with respect to risk aversion can be stated: aggressive working capital management leads normally to higher return on investment (R.O.I.) conservative management of working capital on the other hand normally leads to lower returns on investment (Shabalala 1987 page 6). The individual capitalist is the main actor in this game whose economic wisdom does not go beyond the market and/or would be tested in the market.

In a study of the private sector management methods, Shabalala (Lecturer U.Z. Department of Business Studies) provided relevant information on the subject of working capital and its management by big private enterprises in Zimbabwe. The information reveals that the responsibility for establishing management policy for working capital rest with the top management. The distribution of primary responsibility for the management of working capital components depicts the importance of inventory as a component of working capital and hence the involvement of the management apex.

The Distribution of Primary Responsibility for the Management of  
Working Capital Components

	<u>Percentage Responses</u>						
	MD	GM	CE	FC	FM	T	O-SP
(a) Cash	0	0	0	59	32	0	9
(b) Marketable Securities	9	0	5	27	18	0	0
(c) A/C Receivable Debtors	9	5	0	41	27	0	18
(d) Inventory A/C Payable	23	14	14	36	14	0	9
(e) Creditors	0	5	0	59	32	0	15
(f) Short Term Loans	14	0	5	55	23	0	5

Key

MD	Managing Director
GM	General Manager
CE	Chief Executive
FC	Financial Controller
FM	Financial Manager
T	Treasurer
O-SP	Other

The above statistical information shows that the responsibility of managing the inventory component is distributed fairly among all the management categories except the Treasurer. The Managing Directors and Financial Controllers feature prominently in this regard with 23 percent and 36 percent respectively. This can be viewed in light with the involvement of these two categories in the establishment of management policy for working capital. They account for 36 percent

and 23 percent respectively.

Suppose that information on the criteria used in evaluating proposed changes in the inventory policy is added to the analysis above then the origin of the importance of inventory as a component of working capital could be traced.

Criteria Used in Evaluating Proposed Changes in Inventory Policy

<u>Criterion</u>	<u>Rank Percentage</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
(a) Effect on the level of inventory	23	23	5
(b) Effects on inventory cost	14	9	27
(c) Effect on firm's profit	27	18	0
(d) Effect on return on investment	9	14	14
(e) Effect on Marketing Effectiveness	18	23	27
(f) Other	5	0	0

The source of importance of inventory is clearly shown in the table above. The data illustrate that any changes in the inventory policy rests on (a) its effects on the inventory cost (b); effects on firm's profits (c) and effect on Marketing effectiveness. These three criterias strongly reinforce each other in the day to day operation of the firm with regard to the size of the lote, quality of products, response to the market by the firm etc.

In as much as the private companies would want to work for the common

good, that is, taking social indicators into their plan in accordance with the state plan objectives, their internal setting which is only a mechanism to respond in one way or the other to the anarchy of the market, forces them to remain hostile to anything which does not offer the opportunity to get the expected margin of profit and therefore maintain economic efficiency. That is, in Zimbabwe, where initiative in investment and development rests with private firms and individuals, with their eyes upon markets and profits margin, the mere existence of a plan on paper means remarkably little.

Without the means of implementing the plan targets, they remain pious hopes that are unrealised in practice. The state may be able to influence the situation in various ways: through monetary policy, taxation and a few controls, but these are essentially indirect instruments, and in the circumstances of Zimbabwe and its typically capitalist base (and the isolation of public sector investment) they have proved to be weak and brittle instruments at that.

#### Public Sector Economic Management

The public sector on the other hand, though small, co-exist with the private sector. The unchanged methods of management however do not correspond to the political demands of a nation whose future lies on the sector's growth. Public enterprises have remained strictly 'business' organisations. This makes their responsiveness to government policies impossible as they are not directly linked to the same policies.



Strange as it may seem, the situation is as presented above in the case of state-owned enterprises. In them state property becomes a 'mere judicial fiction' (POPOV 1984 page 50). Public enterprises enjoy practically the same autonomy with regard to the state as private ones. They are subject to the same laws of the free market, whereby their microplans are formulated individually by each enterprise and regulated only indirectly through the price mechanism, without direct or conscious mutual adjustments. This management system runs counter to the main aims proclaimed in the state plan.

On the other hand centralisation of planning for public sector enterprise enhance the cohesiveness of the public sector as opposed to the current isolation of these production units. A centralised planning Authority or a Holding Company in the Zimbabwe Development Corporation (ZDC) should be tasked with the formation of a centralised and comprehensive public sector plan, monitor and control the implementation of the plan and develop the concept of accountability. In other words each unit of production is controlled through the desaggregated norms of consumption (consumption rates). But the units of production also have to calculate their individual norms of consumption which can be above or below the centrally calculated rates. These being considered whenever central planning authorities are calculating the central rates.

This is in line with the conscious regulation of the public sector.

The process calls for the establishment of the public sector internal links co-ordinated at the centre. The influence of the public sector on the economy as a whole could then be calculated and its growth consciously focussed from a scientific basis. The response of the sector to external factors is made easy to detect and evaluate the impact on the internal interweaving. From this perspective the public sector acquires the properties which allow it to be more related to government policy than in the current situation and responsive to public demand.

State ownership of the means of production alone therefore does not imply balanced growth and equitable distribution, nor does it mean transformation towards socialism. Nationalisation therefore is a means through which state productive sector is expanded. Its combination with a comprehensive planning system is the centre of a sustained growth. In Zimbabwe currently the inherent contradiction to the economy is the one between the capitalist economic base and management methods which are unchanged (particularly in the public sector) and the conditions and requirements of the Zimbabwe society. The expansion rate of this sector cannot be ascertained and the interlinks (forward and backwards) within the public sector and between this and the whole economy cannot be identified. Information is not co-ordinated to facilitate this exercise although growth of the sector has been a preoccupation of the policy-makers.

Transformation Towards Socialism: Strategies

Objective (a), of the FNDP on transformation and control of the economy and economic expansion rules out outright nationalisation of the private enterprises as a means of public sector economy. This is explicitly illustrated by the following break-down of the methods through which the objective would be achieved:

- (i) Establishment by the state of new enterprises in strategic industries.
- (ii) State participation in existing strategic enterprises with the role of the state gradually increasing until majority or full ownership is attained by the state.
- (iii) Joint ventures between the state and private capital on terms which allow for eventual ownership and control by the state.
- (iv) Establishment of co-operative ventures in industry, commerce, trade and agriculture as well as participation of local authorities in the economy.
- (v) Workers education in management, technical skills and ideology in order to increase efficiency of workers and their ability to participate in running of enterprises as well as increase their ideological consciousness; and
- (vi) encouragement and acceptance of private local and foreign investment on terms conducive to or consistent with socialist transformation. (FNDP page 14).

The new ingredient to the FNDP is the task (for the) expansion of the state sector through direct investment in new project, joint ventures

and through acquiring of shares in 'key' industries. Public sector Investment Programme (PSIP) is the current major means at the disposal of the state to achieve its objective. As statistically shown PSIP accounts for 63% of the total of \$7 126 million (Gross Fixed Capital) required to attain and sustain the planned annual growth in GDP of 5.1% during the Plan period.

A break-down of the above (Gross Fixed Capital) figure provides an insight into the nature of the expansion programme. The plan document (FNDP Vol 1) stress that 'one of the main aspects of the investment strategy is that, in addition to the PSIP's large size in total investment, about one third of the PSIP will be allocated to the development sectors (FNDP page 14). About \$1 552 million as opposed to 1 808 million by the private sector is going to be invested in the three productive sectors namely, agriculture, mining and quarrying and the manufacturing sector.

Of the total productive sector investments (\$1 552 million) more than half (\$880 million) is accounted for by agriculture. On the other hand the private sector has only allocated \$118 million or 7% of their productive investments into agricultlure. The rest (\$1 690 million) has been distributed between mining and manufacturing sectors.

The government therefore sees in agricutlural development the cornerstone for achieving growth and socialist transformation and development. This

is viewed as the basis of creating large amounts of productive employment and reduce the drift of rural labour to urban centres (Rebuilding Zimbabwe page 61). Still the thrust in this regard concentrates on infrastructural projects as shown in the second volume of the Plan. Of the total 880 million allocated to agriculture only \$33,75 million is the cumulative capital expenditure for state farms, over the five year period. In relative terms the amount represent a 4 percent of agriculture vote.

State farms should be ideally the nuclei of development in agriculture and rural areas. Their strategic distribution in the districts and provinces and the creation of interaction possibilities with the communal areas and resettlement schemes would motivate the economic opportunities of these areas. The consequent development of agro-industries (specialised) at state farms create markets for the local peasantry and small-scale commercial farmers. Technical knowledge could easily be imparted from the state farms, hence mobilisation of the peasantry to form co-operatives and produce at a large-scale for a reliable state market.

Investing in scattered infrastructural projects in itself does not increase the production for future development or creation of employment but develops the infrastructure for those who can use them. The role of the state thus remains in supportive role to those who can exploit the infrastructure. The distribution of resource from the central to local levels and their consequent redistribution at this level in most case benefit those who have the economic capacity

to make use of these resources. The idea here should be that of taking the central (state) economic capacities to the local levels to enhance the economic capacities at these levels, in a controlled, supervised and systematic manner. This strategy would inject growth in the agriculture sector, create employment and foster links between industry and agriculture and also work towards the elimination of antagonism between town and country.

The state sector of the national economy should represent a solid material base for planning. In other words effective planning and the development of state sector are indissolubly linked. The FNDP (as it stands) implicitly points to the absence of state control over the national economy, the continuing dependence on imperialism and the absence of control over the state itself on the part of working people, hence the existence of a fragmented and inadequate statistical information, and centralised data bank.

The plan for the public sector (with a legal character), the principle of singling out 'the main link' and its reinforcing and solid relations with other linking (socio-economic) threads; the combination of the annual and the medium plans (not on paper but in practice) and systematic and complete control over the fulfillment of the plan from the central level are the missing elements of ranked importance in the FNDP.

The Public Sector Investment Programme (PSIP) has an important role on the achievement of most macro-economic plan targets and required structural change. It should therefore not only be

drafted in annual amounts allocated to the different ministries but should also encompass central projects and priorities of structural changes and development. In this way the PSIP could be developed to become a decisive instrument for the implementation of the urgently needed industrialisation (Wittich 1984). The challenge to the PSIP can then be explained by the level of state participation in the economy. The following section, therefore present a brief and descriptive analysis of the role of the state economic enterprises which should provide the needed understanding of the nature of state participation in the economy.

#### STATE ECONOMIC PARTICIPATION: ROLE OF STATE ECONOMIC ENTERPRISES IN THE TRANSFORMATION PROCESS

##### Introduction

The last two sections of the article have analysed the policy of Growth with Equity, the (TNDP) and the (FNDP). In this section therefore attention is accorded to the concrete participation of the state in the economy. This is against the background that the objectives set in the Policy and in the two plans mentioned herein presuppose an active role by the state in developing an organic technical and material base for socialist development.

State participation in the economy illustrates the need to establish a socialist state in Zimbabwe as a means to redress the imbalances created by decades of settler colonialist and private capital domination.

With this in mind therefore it becomes obvious from a scientific understanding of the inherited economy that the state economic sector would strive to foster links between different sectors of the

economy, inject growth, create employment as well as raise the standards of living of the workers and peasants.

It has been noted in the preceeding sections that the need for growth is urgent. This is reflected by the discrepancy between the currently installed socio-economic capacity and the level of socio-economic needs (Demand) or requirements of the broad masses.

In analysing the active role of the state in the economy, this article therefore will not analyse sector by sector (sectors which comprise the public sphere of activity) but will concentrate on the three productive sectors which are Industrial Development Corporation (IDC), Zimbabwe Mining Development Corporation (ZMDC) and Agriculture and Rural Development (ARDA). This does not necessarily mean that the distribution and service sectors are less important. The thrust originates from the focus of the section; to explicate the approach to economic growth as the source of income for future growth (on which equitable distribution could be based).

At independence, the elected ZANU (PF) government assumed responsibility and control of all the public economic structures (Public State apparatus) as they were left by the Smith Regime. These were mostly parastatals, specialising in the privision of services and marketing facilities. The range of activities in the various categories of parastatals included were Transport, Marketing, Finance, Energy, Agricutlure and Rural Development and Industrial Development.



After announcing the policy of growth with equity (February 1981) the government had to be seen to be bidding by the demands of the proclaimed policy. Direct action was taken. This action involved initiatives to acquire foreign interests in 'Key Productive' areas of the economy and to take over marketing of minerals and fuel. The major initiatives have thus been the following: the purchase of 43% shares in Zimbabwe Newspapers from South African interests with Nigerian Capital; the purchase of a 61% share (South African) Zimbank; the 47% share in the newly formed Bank of Credit and Commerce; the purchase of 42.6% international controlling interest in CAPS; 40% equity share in Anglo America's Wankie Colliery Company; the establishment of the National Oil Company of Zimbabwe to procure fuel for the country from external sources; the purchase of book sellers and stationers, Kingstons by the mass media and 49% shares in ZISCO Stoneman 984, Page 294)

At the same time the Zimbabwean Government, through the productive parastatals (stream lined according to special fields of activities), has tasked itself to venture into the productive sectors which were mainly the domain of the private sector so as to comply forth with the development objectives outlined in the policy. The inherited productive institutions like ARDA and IDC had to be restructured in one way or the other so as to perform this mammoth task.

This section, therefore is an attempt to briefly assess the role of the state in economic development since 1980. An analysis of the strategies adopted by the state enterprises in their intervention in

the manufacturing, mining and agriculture sectors should be highlighted.

Industrial Development Corporation (IDC)

IDC was established by the Act (Chapter 286) in 1963. At independence IDC became the Ministry of Industry and Technology's instrument for 'National development, creation and preservation of jobs and the transfer of new technology into the country, utilisation of local resources, saving foreign currency through import substitution and export promotion'. (Government of Zimbabwe 1980-1985 page 9). Since its formation (1963) the IDC facilitated the development of state capitalism and corporatism.

An entry point into an analysis of the role and strategies adopted by IDC can be provided by the table below.

The table is a synthesis of the IDC investments for the years 1981, 1984 and 1987, at 30th June.\* It illustrates the specific weight of each industry (in which the IDC has investments) in the total IDC investments per given year. The information has been abstracted from the corresponding IDC annual reports.

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\* These years were adopted because 1981 provide the needed information i.e. only a year into independence. In 1984 the government had acquired the remaining 20% private shares in IDC and 1987 is the year in which the latest information is available.

Table 1: Investments of 30th June, 1981, 1984, 1987 by Category of Industry

Industry	1981		1984		1987	
	\$'000	%	\$'000	%	\$'000	%
Chemical	199	0.76	193	0.52	809	1.69
Clothing	366	1.40	971	2.59	1 099	2.31
Electrical and Electricity	64	0.24	77	0.21	190	0.40
Engineering	568	2.17	670	1.79	4 984	10.48
Film	425	1.63	376	1.00	384	0.81
Financial Services	2 147	8.21	771	2.06	1 102	2.32
Hotel	28	0.11	1	-	-	-
Industrial Property	72	0.28	37	0.09	-	-
Metal Products	1 147	4.39	7 940	21.20	10 062	21.15
Mining	12 654	48.40	11 732	31.32	2 835	5.96
Motor Assembly	4 641	17.75	6 720	17.95	4 541	9.54
Non-Metallic Mineral Products	494	3.61	2 794	7.46	3 471	7.30
Quarrying	14	0.05	77	0.21	24	0.05
Spinning, Weaving, Knitting & tining of textiles	2 747	10.51	3 945	10.53	4 179	8.78
Tanning and manufacture of Leather goods	94	0.36	30	0.08	-	-
Transport	34	0.13	21	0.05	-	-
Furniture	-	-	950	2.54	756	1.56
Pencils	-	-	153	0.41	183	0.58
Glassware	-	-	-	-	9 663	20.31
Grain bags	-	-	-	-	3 270	6.87
Pulp & paper	-	-	-	-	30	0.06
	26 955	100	37 458	100	47 576	100

Source: IDC Annual Reports

Table 1 indicate that almost half (48.40%) of IDC investments were concentrated in the mining sector. According to the Capital Stock 1983:90% of the mining capital was in the hands of transnational capital, and 10% was owned by private (local) capital. In other words IDC investments in this regard were insignificant. It can be supposed that its mining interests were in those areas where operational risk level is high.

Motor Assembly with 17.75% constitute the second single largest investment in 1981. Apparently the manufacturing sector was mainly left to the private sector.

In 1984 a remarkable shift in the structure of sectoral level of investment was witnessed. Although mining remained the sector with the single largest investment (31% of the total investments), metal products with 21% had surpassed Motor Assembly (17.94%). The reduction in the proportion of mining investments was mainly attributed to the formation of Zimbabwe Mining Development Corporation (ZMDC). On 14 March, 1984 ZMDC acquired 100% of the A voting shares of the Mining Promotion Corporation (Private) Ltd from IDC; a step in rationalising its operations.

The acquisition of IDC mining interests by ZMDC generated internal movement of capital from one industry to another without necessarily raising the volume of investments. Between 1981 and 1984, Furniture and pencil production feature as the new production lines.

A more or less even distribution of investments across lines of production was apparent in 1987. Metal products (21.15%), glassware (20.01%), Engineering (10.48%), Motor Assembly (9.54%), Spinning Weaving, Knitting and the tining of textiles (8.78) and Non-Metalic mineral products (7.30%) topped the rank. Chemicals (1.69%), Electrical and electric (0.40%) remained at the bottom of the investment ladder. Mining was further displaced.

Increments in the total volume of investments from \$26 144 million in 1981 to \$37 458 million (1984) and \$47 576 million (1987) are testimony of the injection of new capital. This means an element of expansion of state participation in industry occurred during the period from 1980 to 1987. But as expansion does not necessarily mean growth of the national productive sector, the modalities under which this expansion took place have to be analysed.

A close observation of the investment strategy of the IDC reveals that since 1980 the amount invested was spent mostly in rescuing companies experiencing survival problems allegedly caused by world recession and the drought which devastated agriculture in particular and consequently the manufacturing industry. Government rescue of companies in trouble was therefore aimed at assisting in keeping those in employment.

Nevertheless, the downward trend in the level of those employed could not be avoided. If keeping those in employment was/is still a major problem it appears then that it is just impossible to do much about the

unemployed. The constraints impeding job creation are however referred to in official documents as the cuts in foreign currency allocations, drought, increased cost of production, and decreased domestic demand.

It is against this background that this article argues that employment creation and growth have been sacrificed in the name of preserving jobs, import substitution and saving foreign currency. But despite the adopted strategy the IDC is trapped in a vicious circle. As the able bodied population increases and the capacity to generate new employment is not existent there is more demand on the little resources already in production. Thus the circle of unemployment would reproduce itself even at more intensified levels.

The acquisition of minority shares in different private enterprises was/is the 'adopted' investment strategy. This is confirmed in the Directors' Report (IDC Annual Reports) which explains clearly that "all investments and income therefrom are in terms of Section 49b) of the Corporation's enabling Act (Chapter 286) as amended). There were no investments or income under Section 4(a) of that Act.

The sections referred to read:

The object of the corporation shall be:

4(a) with the approval of the President, to establish and conduct any industrial undertaking including tourism.

(b) To facilitate, promote, guide and assist in the financing of

(i) new industries and industrial undertakings including tourism;

- (ii) Schemes for expansion, better organisation and modernisation of the more efficient carrying of operations in existing industries and industrial undertaking including tourism. (IDC Act (Chapter 963)).

Thus this approach, as reflected by the above, does not direct its focus on growth, employment creation, equitable distribution and the development of an organic technical and material basis for socialist development. To the contrary, the establishment of new industries Key points\* of the economy (as opposed to acquisition of minority shares in a diversity of industrial undertakings) create linkages (both backward and forward) between the different sectors, create employment, constitute the basis for the development of managerial and technical skills by local personnel and provide the platform for conscious regulation and control of economic levers (prices, level of cost of production, effective demand etc.).

In the 1981 IDC annual report the chairman, N Cambitsis had identified the fertilizer industry as a key area to establish systematic links between industry and agriculture on the one hand and on the other hand between the local industry and the SADCC region. Cambitsis emphasised that he regarded the expansion of fertilizer production

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\* Key points - These are areas where the influence of investments in overcoming obstacles and bottlenecks and in stimulating expansion elsewhere is greatest; and in this way the impetus to development once launched can be sustained (Dobb, M 1963 page 25).

in Zimbabwe as a priority. The development of crop production in the rural areas is dependent upon an ample supply of fertilizer inputs at the right time and at the right price. This country could become a net exporter of fertilizers as few of our neighbours have the combination of suitable deposits and the industrial infrastructure necessary to support such an industry' (IDC 1981 Annual report page 12).

The cement industry which has brought many building projects (from individual to provincial and national construction works) to a halt in the country shows how the establishment of links between sectors (through investing in identified key areas in this case by the state) is a potential booster of growth and future development. It is clear that the construction industry is a potential employer. If such projects of ranked priority are 'sacrificed for employment preservation (at a certain specific point and time) and saving of foreign currency, (both of which are now recognised as justified source of laxity and inertia by social actor) then the consequences are obvious.

Some of these consequences have been captured in a recent report in The Herald: Cement Shortage Forces Chinhoyi projects to Stop

"Several development projects in the town of Chinhoyi in Mashonaland West Province have floundered because of the current shortage of cement..... And this has worsened the already bad employment and housing problems. Forty-two people lost their jobs when a building



block folded up because of cement shortage. Many more had already become unemployed because of the stagnation in the building industry, while the housing waiting list which currently stands at over 7 000 is set to rise as more people move into the provincial capital...

'It was not uncommon, the mayor added, to find the same contractors selling cement for up to \$15 per 50 kg\* bag." (The Herald Friday January, 6 1989 page 3).

#### Zimbabwe Mining Development Corporation (ZMDC)

The Zimbabwe Mining Development Corporation is a post-independence creation. It was established under Act No. 31 of 1982 but only commenced operations on 5th November 1983 when the act was brought into force.

The functions, powers and duties of the corporation are broadly stipulated under Section 20 of Act No. 31, as being total involvement in all facets of mining, including promoting mining co-operatives, on behalf of the state. (Chairman's Report 1984 page 3). This could be viewed as an attempt by the state to end the monopoly of private capital in the mining sector.

As a new organisation whose primary objective is to 'increase the level of mineral production and beneficiation aiming inter alia, at increasing the Nation's capacity to earn and/or save foreign currency' (Ibid) the ZMDC needed a strategy and framework from which to operate, a solid and dynamic manpower base, and a comprehensive investment plan/programme. The Chairman's initial efforts were directed towards

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\* The price in normal circumstances is marked between \$3 and \$5 per 50 kg bag

staff recruitment, corporate planning and the development of essential managerial control systems, policies and practices. The functions, powers, and duties of the corporation were broadly set out in the enabling Act, thus, it was for management to develop and recommend to the board of directors a strategic framework within which Government's broad investment objectives could be realised. Such a framework was needed in order to provide a sense of direction and focus to the corporation's future investment programme. Toward this end management recommended and the directors approved a future investment programme directed towards the development of Zimbabwe's gold deposits, industrial minerals and the three Ts - tin, tantalite and tungsten. The industrial minerals groups is one that has only been partially developed in Zimbabwe and its full potential has yet to be realised. (1984 Annual Report page 4).

The first financial year (1983-1984) therefore was not necessarily a productive year in the sense of production operations. More concentration was placed on the building up of a strong springboard for future development, although some investigations into identified potential areas were started and the acquisition of the two subsidiaries; Peneast Mining Company (Pvt) Ltd and Mining Promotion Corporation (Pvt) Ltd. The latter, which has a 100% shareholding in Mineral Development (Pvt) Ltd was acquired from the Industrial Development Corporation to spear-head the dynamic exploration programme to be adopted and maintained by the corporation.

During the (1984-1985) period the corporation moved into acquiring mining interests. This was a decisive step towards attaining the objectives of the corporation. The strategy and framework, the

exploration and development programme had to be supported by productive enterprises.

On 1 November 1984 the Corporation acquired Messina's mining interests for an aggregate consideration of Z\$5.5 million. At the time negotiations were initiated; Governemnt had been asked for financial assistance to shore up the loss-making operations particularly at Lonagundi Smelting and Mining (Private) Ltd (LSM). It was also clear at the time that these operations were not being managed as a national asset. Exploration had been abandoned, LSM was on the verge of closure and plans for plant modernisation at Jena Mines, a gold producer, were not being pursued vigorously. Hence a decision was made to acquire Messina's interests and evolve a development plan rather than have government provide the requested financial assistance. A plan was submitted to government for financing. (Annual Report 1985 page 2). Thus ZMDC acquired Messina's interests in:

- MTD (Mangula) Ltd
- LSM (Private) Ltd
- MTD (Sanyati) Ltd and
- ZMDC Management Service Ltd (Formerly MTD Management Services Ltd

The 1985-1986 financial year witnessed the withering away of the aggressiveness shown in the previous year by the Corporation, to a sober appraisal of the assets which the corporation had at hand. This stock taking exercise undoubtedly led to strengthening the group's operational capabilities and organisational capacity as indicated by

by the streamlining of activities in accordance with their specific products. Copper mines fall under Mangula Copper Mines Ltd (MCM), Gold mines under Sabi Consolidated Gold Mine, and Exploration and Development is spearheaded by Mining Promotion Corporation.

It is in this period that the disadvantages and advantages of the approach to development by ZMDC sufficed. The chairman's report expressed that Mhangura Copper Mines Limited (MCM) realised a net profit of \$1.8 million a reduction of 17.2% from the previous year. Low metal sales due to smelter rebuild, increased inputs costs and frequent inherited plant and equipment breakdowns, especially the Load-Haul-Dump equipment which accounts for 80% of ore production contributed to decline. Most of the equipment has reached its useful life, and the availability of spare parts is untimely..... Lomagundi Smelting and Mining (Private) Ltd (LSM) continued to make losses. Of the \$9.5 million originally requested from government in 1984/85 only \$2 million was made available by the Ministry of Finance in the 1985/86 budget. That amount came too late to make a positive impact on the company's operations which incurred losses of \$4.1 million in the financial year under review (1986 Annual Report page 3).

Breakdowns and plants inefficiency were affecting the operations of both copper and gold production lines. This means that to increase production (and productivity) it required the restructuring of old equipment and machinery and equipping them with new and up-to-date machinery.

To do this requires committed financial assistance from the government,

which as shown above is not forth-coming. Hence inefficiency and untimely availability of spare parts are inevitable.

Regardless of the above disadvantages the ZMDC strategy enabled the corporation to consolidate its achievements, establish itself as a powerhouse in the mining sector and also develop internal managerial capacity. The operations of the corporation are streamlined in a systematic way; allowing for easy identification of potential areas for growth, establishment of internal linkages, which makes it easy to assess the impact of its operations on other sectors of the economy.

The systematic link between exploration and development cum exploitation of new projects explained the seriousness with which the corporation intends to fulfill its stipulated objectives. This combination (Exploration and Development cum exploitation of new projects) in itself should in future constitute a potential source of growth, and employment creation.

This argument can not be complete if the development and importance of industrial minerals is explained. The ZMDC acknowledges that the industrial minerals group is one that has only been partially developed in Zimbabwe and its full potential has yet to be realised (1984 Annual Report page 4). It is from the development of this base that the ZMDC could effectively contribute to the integral development of the economy.

In the case of Zimbabwe mining should assist in initiating industrial sector growth, thus diversifying the economic base and leading to a balanced economy. In this process, raw materials are made available as input materials for the establishment of mineral-related manufacturing industries while at the same time demand for services to be provided to the mining operations is created. An important objective of mining development in this context should then be to promote backward and forward linkages.

The greatest benefit of industrial minerals promotion should, however, lie in the creation of a fabric of mineral-based industrial activities in the form of domestic linkage and multiplier effects. The wide spectrum of minerals together with the great variety of occurrences and uses also contribute to geographically and sectorally more balanced development. (Noetslaller 1987 page 17).

#### Agricultural and Rural Development Authority (ARDA)

The Agricultural and Development Authority (ADA) was constituted under the Agricultural and Development Act of 1971 (Chapter 100). In 1978 Agricultural and Rural Development Authority (ARDA) was established by an amendment to the (ADA) Act of 1971. The main functions of the Authority, as prescribed in the Act, was to plan, co-ordinate and implement agricultural and rural development in Zimbabwe.

The Agricultural and Development Act of 1971 (Chapter 100) was substantially amended by the Agricultural and Rural Development

Authority's Act (ARDA) 1982. This was also the enabling legislation to effectively repeal activities of both the Tribal Trust Land Development Corporation and Sabi Limpopo Authority (1983/84 Annual Report page 3).

Under this Act the functions and duties of ARDA were set out in Section 19(2) of the Act as follows:-

- (a) To plan, co-ordinate, implement, promote and assist agricultural and rural development in Zimbabwe.
- (b) To prepare and with the agreement of the Minister of Lands, Resettlement and Rural Development to implement schemes for the betterment of agriculture or for rural development in any part of Zimbabwe.
- (c) To plan, promote, co-ordinate and carry out schemes for the development, exploitation, utilisation and settlement of state land (as specified in the Third Schedule of the Act).
- (d) Any other functions and duties which may be imposed upon the Authority by any enactment (Ibid).

Close reading of the ARDA Annual Reports (1980-1987) depicts that the establishment of state farms was not a priority in order to develop the rural economy. Concentration was placed on 'reconstruction, rehabilitation and resettlement.' Two subcommittees of the Standing

Committee of ARDA were established. Subcommittee on land acquisition was to advise the government on the most appropriate acquisition of commercial land for settlement and resettlement programmes. On the other hand the subcommittee on resettlement was responsible for initiating and pursuing the resettlement programme.

Since its inception, ARDA's activities evolved around major irrigation development schemes and resource surveys. But as a result of the merger (1982) and the acquisition by Government on behalf of the Authority of three (3) estates the Authority now had thirteen (13) farming estates. This move was followed by the formation of the Rural Development Promotion Unit within the Agricultural Operations Division to give adequate attention to the management of settlement schemes associated with the Authority's core estates, the initiation, planning and development of growth points, the identification and development of small livestock projects and promotion of tillage units to service communal farmers surrounding the core estates (ARDA Annual Report 1982 page 2).

There seemed to be a change from the strategy of the early years (1980 and 1981) to develop core state estates as the centre of agricultural growth and rural development. But the rate at which this strategy was pursued after 1982 shows that even if the need for change had been practically urgent different forces militated against this approach. From 1982 to 1986 state farms increased at an annual average of 1.2 estates. Settler outgrower schemes have been maintained at seven (7) schemes since the 1983/84 season.



The low rate of expansion of the land put to state farming is reflective of the financial distribution pattern discussed earlier on. This pattern puts more emphasis on rural development and not on the growth of rural economy and development. The strategy falls within the theories which opt for the modernisation of the rural areas. The origin of this perspective therefore has to do with the pressing need to curtail the rural-urban drift which is characteristic of Zimbabwe. But is the solution to this phenomena (supposedly a product of contradiction between town and countryside) in the modernisation of countryside or in the growth and creation of the countryside socio-economic opportunities.

To answer the above question the following analysis is presented. The solution to the rural-urban drift can be provided by eliminating inequalities between the town and rural areas, there-by fostering organic links between the two economies. Once this is acknowledged the need to assess the current spatial distribution of productive forces arises. In this case spatial organisation should be analysed/assessed in light of the social and economic relations that conditions the current organisational pattern.

It is argued that the social relations shape the spatial organisation of the market system and not vice versa. Hence in the long term access to market infrastructure and services is an out come of economic opportunities and not the cause. The Market system in this analysis refers to the way in which supply and demand interact in a particular social and historical context to setting of price on commodities and the

means of production of the commodities. Market infrastructure on the other hand refers to how the physical channels of exchange are organised on the ground.

If the theoretical explanation given above is anything to go by then the development of the rural economy (and therefore uplifting of the standards of life) lies in the creation of economic opportunities, and simultaneous transformation of the relations of production in the rural setting. But peasant agriculture on its own accord cannot create such an atmosphere. Many factors militate against the performance of peasant agriculture in this regard. These range from the historical development of peasant agriculture in Zimbabwe to increased rural semi-proletariat, the farming methods, multiplicity of interests (private small holdings) etc.

The expansion and consolidation of State farms (and the development of out-grower settler schemes) and the co-operative estates (products of the agrarian reform) therefore remain as the means through which the social relations and economic opportunities could be enhanced in the rural economy in particular. The role assigned to the state and co-operative estates should consist of injecting growth into the agricultural sector, to raise productivity, to provide the necessary links between industry and agriculture, to develop (proportionally) the productive capacity of the rural economy, to encourage production at a large-scale, and transform the social relation of production (consciously shaping agricultural production in general and peasant production in particular along socialist principles).

Lenin in a speech (1918) delivered to the Delegates from the poor Peasants' Committees stressed that to transform a vast number of small-scale peasant farms, into large scale production is something that cannot be done immediately. Agriculture, which hitherto has been conducted on individual lines, cannot immediately be socialised and transformed into large-scale state enterprises, the products of which would be equally and justly distributed among the whole of the working people under a system of universal and equal labour service (Lenin, 1971 page 223).

The approach suggested in this section is not aimed at straining relations (alliance) between working class and peasantry (the poor and middle peasants who constitute the overwhelming majority). This alliance is maintained and strengthened through out-grower settler schemes; all round assistance to the peasant sector by the state and co-operative estates (e.g. facilitates the acquisition of inputs, provision of markets cutting transport costs, technical advice and even tillage facilities). Through this approach, its implementation and progress, can the peasant be gradually mobilised into large-scale collective co-operative production.

It is from this approach that the distribution of land to individual peasants should not be regarded as an end in itself as it is currently perceived. It is a means to an end: gradual collectivisation and therefore socialism. The existence of small-holding or the distribution of land to the peasantry is the socio-economic demand of the time, but strategies which lead to and facilitate their gradual collectivisation

should be constantly worked out and implemented.

Currently with the state farms and co-operative movements' interests seemingly at variance not much with regard to 'state-co-operative approach' could be expected. On the one hand the state farms have primarily followed the tradition of large-scale commercial production units, both in working democracy and alliance with private capital. On the other hand the political and ideological commitment by the social actors to the development of collective co-operatives has been/is minimal.

Agrarian reform in Zimbabwe has failed to create conditions necessary for the development of the pronounced social relations needed to shape the spatial organisation of market system. The failure to generate economic opportunities is evidence of continued subordination (and exploitation) of the rural environment by town centres. Government confusion on the question of growth and that of socio-economic transformation- (especially if it is intended to realise socialist socio-economic transformation) - is made apparent.

This is so because statements about wooing private investors into rural areas are viewed as part of the strategy of realising socialist relations of production. For instance, it is claimed that the

Government of Zimbabwe sees the efficient development of the rural areas as the cornerstone to achieving balanced growth to provide the basis for socialised development (Rebuilding Zimbabwe page 60).

### Conclusion

The argument maintained in this article reflects some of the dilemmas faced by the Zimbabwean state. The debate is on the establishment of a socialist society but traditional capitalist methods or approaches are reformulated as ideal tools to implement allegedly socialist principles. The result has been stagflation and the solution to this problem has been long found in the indiscriminate across the board increases in prices. Capitalism is being consolidated in Zimbabwe in the same way as socialism is being denied its methodological content.

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